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## Original Article

# Shrinking communities in Japan: Community ownership of assets as a development potential for rural Japan?

Thomas Feldhoff

Department of Human Geography and Interdisciplinary Centre for East Asian Studies,  
Goethe University Frankfurt, Senckenberganlage 31 (Jur. 814), Frankfurt am Main 60325, Germany.  
E-mail: Feldhoff@em.uni-frankfurt.de

**Abstract** In the context of a decline in its overall population, Japan's non-metropolitan areas are most severely affected by the ongoing demographic change. The fast-spreading 'marginal settlement' (*genkai shūraku*) phenomenon, which refers to communities that have reached the limits of their manageability due to depopulation and ageing, requires a fundamental shift in Japan's policy response to trends of regional abandonment and collapse. The article analyses current and future economic and socio-demographic challenges facing shrinking communities in Japan, and assesses the development and institutional context of government policies related to depopulating mountain areas in particular. It argues that shrinking communities should abandon the expectation of externally induced local revitalization and concentrate on asset-based community development. Community ownership of assets is discussed as a creative and innovative means to facilitate local engagement, foster local place attachment and thereby strengthen the resilience of rural communities and their independence from central government control.

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**Keywords:** shrinking communities; demographic change; regional development policies; asset-based community development; Japan

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## Introduction

A 11 June 2007 article in *Forbes Magazine* 'Ghost Cities Of 2100' addresses shrinking cities as a phenomenon in the past, present and future (Eaves, 2007). With regard to the future, the author concludes that 'whether from natural catastrophes, economic collapse or the slow encroachments of sand or water', it seems likely that at least some of today's cities will disappear by the year 2100. Indeed, the decline and abandonment of urban settlements in the past is a well-known phenomenon in many parts of the world (Hohenberg and Lees, 1995; Slater, 2000). Since about 1800, however, virtually no major city has been permanently lost or abandoned, although the twentieth century was a period of particular destructiveness.

This is about to change. At the beginning of the twenty-first century, even as the global urban population continues to grow, shrinking cities and

towns are a phenomenon in many regions world-wide. A rapidly growing body of literature attests to this phenomenon, which is new in so far as in most cases the change has no negative external causes limited in terms of time and space, such as wars, epidemics, natural catastrophes or famines (Oswalt, 2005, 2006). Rather, urban shrinkage is unprecedented as it occurs in times of peace and of economic prosperity. Moreover, it occurs particularly in affluent, developed countries in the Western world. It comes as no surprise, then, that the current literature on the causes and consequences of urban shrinkage as well as policy responses is mostly concentrated on cities in Europe and the United States (see, for example, Bucher and Mai, 2005; Ferry and Vironen, 2011; Pallagst *et al*, 2009; Pedroni, 2011; Wiechmann and Pallagst, 2012). Most recently, Pallagst *et al* (2012) addressed shrinking cities from a global perspective by presenting a number of case studies from around the world, considering

specific economic, social, environmental, cultural and land-use issues. With regard to the causes, Rieniets (2005, p. 30) referred to the 'demographically relevant behavior of the affected society itself'. Declining fertility rates are coupled with rising longevity. At the regional and local levels, internal migration is another important determinant of growth, stagnation or decline. Those cities that fail to hold their populations are in a very dangerous social and economic situation. The major reason lies in the circular causation of urban depopulation, which tends to become cumulative and to gather speed. The shrinkage of cities is a multilayered process that not only covers the loss of population, especially of young skilled labor force, due to natural decreases and labor-oriented out-migration, which is the common definition of de-urbanization (Heineberg, 2005). Shrinkage is also related to demographic ageing, the loss of jobs and unemployment, the loss of purchasing power and regional development potential, processes of social and spatial fragmentation, decreasing municipal income taxes, public and private infrastructure maintenance problems. Urban shrinkage is, thus, not only a quantitative phenomenon. The qualitative effects are even more problematic with regard to endogenous potentials such as innovation and knowledge, which are critical for economic growth from the viewpoint of 'new economic geography' or 'new growth theory' (Capello and Nijkamp, 2009). This is a major challenge for regional and urban planning as well as regional economic policy, as processes of shrinkage tend to foster regional and social inequalities. The degree of social acceptance of growing disparities among and within cities and regions is not least determined by normative decision making in urban and regional planning about the re-organization and re-evaluation of space, even including the option of abandonment of settlements where regeneration is very likely to fail.

Urban shrinkage is a global phenomenon, and Japan, receiving too little attention in this field of study, can be seen as part of it. In the context of a decline in the overall national population, in Japan, mountain villages are most severely affected by depopulation and ageing (Matanle *et al*, 2011; Matanle and Sato, 2010). The fast-spreading 'marginal settlement' (*genkai shūraku*) phenomenon refers to rural communities that have reached the limits of their manageability due to dramatic depopulation, and where people aged 65 years or older make up more than half the total

population. This challenge requires a fundamental shift in Japan's policy response to trends of regional abandonment and collapse. Former development strategies based on the Mountain Village Promotion Act (*Sanson shinkō hō*, 1965) or the Emergency Act for the Improvement of Depopulated Areas (*Kaso chiiki taisaku kinkyū sochi hō*, 1970) obviously failed and the government has to take into account new challenges such as globalization and trade liberalization, social and demographic change. The article thus aims to describe current and future economic and socio-demographic challenges facing shrinking communities in Japanese mountain areas, and to analyze the development and institutional context of related regional development policies. It argues that regional communities should abandon the expectation of externally induced revitalization and concentrate on asset-based community development (ABCD). In *Building Communities from the Inside Out*, Kretzmann and McKnight (1993) summarized lessons learned by studying successful community-building initiatives in hundreds of neighborhoods across the United States. They sketched out a community-building path that is asset-based, internally focused and relationship driven, implying that any genuine local revitalization project must be citizen-led, with outside actors playing supporting roles. This policy approach is a major challenge to Japanese state-society relations traditionally shaped from the top down. Shibata (2008) argued that Japan's spatial planning policy system evolved within Japan's modern nation-state building process after the Meiji Restoration (1868). The authoritarian government also used planning to demonstrate the power of the national elite and to construct dependency, and this has left a lasting legacy on state-society relations (Sorensen and Funck, 2007). Asset-based development approaches require local communities to become more independent from central government influence and to integrate the people into locally based development policy and planning processes and thereby strengthen civil society.

### Demographic Change and 'Marginal Settlements' in Japan

Like most other OECD countries, Japan is facing an ageing population. By international comparisons, the rapidity and scale of demographic ageing in Japan are unprecedented. Twenty-three



per cent of the total population were 65 years and over in 2010, and this share is estimated to hit a world record high of more than 40 per cent in 2050. Along with ageing, Japan is facing a population loss of approximately 25 million people by the year 2050. Because of the dramatic changes of the social and economic system after World War II, affecting education and gender role norms, individual career and lifestyle aspirations, Japan has become a forerunner in the trend towards very low fertility since the mid-1970s (Feldhoff, 2011).

The demographic shift will change the country's social fabric but also its urban and rural landscape dramatically. The modernization of Japan since the 1868 Meiji Restoration has brought continuous rural to urban migration. Metropolitan regions and the national capital, Tōkyō, have in particular benefitted from the in-migration of young people, most intensively during the era of Japan's high economic growth in the 1950s and 1960s. In contrast, rural and remote areas have constantly lost their populations and now have very high proportions of older people (Figure 1). Continued demographic ageing and shrinking are expected to further widen regional disparities.

Most severely affected by population losses and ageing, economic shrinkage and social decline are small towns or villages in hilly and mountainous regions experiencing combined natural decrease and net out-migration. Hilly and mountainous regions cover 70 per cent of Japan's total land area. Only one quarter of the total land area has a slope of less than 15 degrees, and most of the mountains rise out of foothills to reach plateau lands with an unfavorable climate (Kolb, 1971). As a consequence, Japan's early cultural development was conditioned by the fact that the population was concentrated in the villages and towns in the lowland areas. The modernization, industrialization and urbanization of Japan since the Meiji Restoration of 1868 resulted in an unprecedented concentration of wealth and power in the metropolitan areas in the Pacific Coast Industrial Belt – the melting of 'urban' and 'rural' in the 'Tōkaidō Megalopolis', stretching along corridors between major cities including Tōkyō, Nagoya, Ōsaka, Kōbe, Hiroshima, Kita-Kyūshū and Fukuoka.

In summarizing the highlights of the regional dimension of demographic change in Japan, it is essential to make the following points. First, divergent processes of urban growth and shrinkage can be observed, with urban growth being



**Figure 1:** Regional development policies are affecting the livelihoods of many older people in rural Japan.

*Source:* Photograph by Yoshiko Matsumoto.

centered on very large cities, with the capital city leading the way. The long-term trend towards living in the national or regional metropolises continues. Second, demographic ageing and the phenomenon of urban shrinkage are closely intertwined processes. Particularly, rural and remote areas with structural weaknesses as well as old industrial areas, dominated by an industrial mono-structure of sectors such as mining, metal manufacturing or shipbuilding that can no longer compete in the global economy, are mostly affected. Thanks to substantial governmental subsidies and assistance, the quantity and quality of public infrastructure services in such cities has been much better for a long-lasting time than one would expect. However, the situation has started to change dramatically as the central government has cut tax transfers and subsidies in the aftermath of the decentralization and regional policy reform (Machida, 2007).

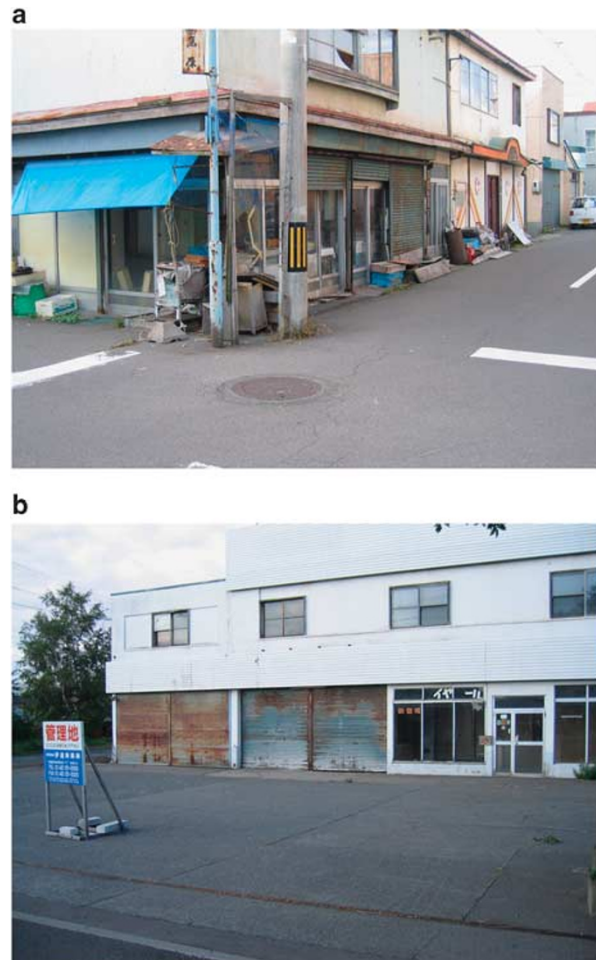
**Table 1:** Number of local authorities, population and area eligible for support under the Mountain Village Promotion Act (as of 1 April 2012)

	Mountain villages	National total	Percentage
Municipalities	734	1719	43
Total Area (million ha)	17.85	37.79	47
Forest area (million ha)	15.10	25.12	60
Forest area as percentage of total area	84.6	66.5	—
Population (million)	4.32	127.77	3

Source: Ministry of Agriculture, Forestry and Fisheries, [http://www.maff.go.jp/j/nousin/tiiki/sanson/s\\_about/genzyo/index.html](http://www.maff.go.jp/j/nousin/tiiki/sanson/s_about/genzyo/index.html), accessed 6 August 2012.

Traditionally, many households in mountainous communities made a sustainable living from their land and forestry, and they also produced charcoal as a way to generate additional income. Besides participating in charcoal manufacturing, those who were not landlords worked in multiple occupations to augment their incomes, performing day labor for neighboring farmers, piecework, silkworm rearing and domestic service. Although traditional economic activities are ever diminishing, mountain areas are still important with regard to agricultural production. Both the number of farm households and the cultivated land under management in these areas account for 40 per cent of the national total. Thus, not only rural communities but the agricultural sector as a whole is at risk of further diminishing with the demographic shift towards very old populations.

According to population statistics, currently 43 per cent of all local authorities are eligible for support under the Mountain Village Promotion Act (*Sanson shinkō hō*) (Table 1). This affects just 3 per cent of the overall population, while the area covers 47 per cent of the country. Many of these communities are nowadays regarded as ‘marginal settlements’ (*genkai shūraku*), which are vulnerable to extinction through depopulation because people aged 65 years or older make up more than half the total population. These settlements have reached the limits of their manageability because their reduced vitality and low population density have led to underdeveloped local infrastructure and limited availability of public and commercial services (Figure 2). These circumstances add difficulty to the daily lives of the people, who are often older, possess little economic surplus and are in need of support. ‘Marginal settlements’ are typically remote from urban economic centers and they are physically isolated, which also negatively



**Figure 2:** Images of abandonment and urban decay in rural Japan.

Source: Photographs by the author.

affects access to opportunities and services (Matanle *et al*, 2011, p. 18). These processes exhibit characteristics of circular and cumulative causation as contexts are very difficult to resolve.

### Shrinking Regions Development Laws

How do national and regional actors adopt their policies to the changing circumstances that depopulation brings to Japan’s regional communities in order to preserve less favored areas like hilly and mountainous areas in particular? Financial resources have for a long time been and are still redistributed from metropolitan regions to these areas to compensate for local shortfalls and this ultimately causes a cost nationally. Starting from the mid-1960s, in response to increased lobbying and demands by local authorities, the



Japanese government has enacted a series of laws that have specifically recognized and addressed regional depopulation. Their aim was to improve the economy and the welfare of local communities in response to trends of out-migration and depopulation.

Specifically targeting hilly and mountainous areas, in 1965 the Mountain Village Promotion Act (*Sanson shinkō hō*) came into force. The main objectives were (Mountain Agenda, 2002, p. 40).

- To improve communication among mountain villages, and between mountain and lowland populations, through transportation and telecommunication infrastructure;
- To ensure that mountain land, forest and water resources are effectively exploited through such measures as road construction, electric power generation, and improvement of agricultural land;
- To strengthen local industries and increase employment in mountain areas through measures such as the establishment of modern forest management and farming systems, development of processing industries for agricultural and primary forestry products, introduction of tourism, the cultivation of markets for unique local products;
- To control erosion and prevent natural hazards such as landslides and avalanches, by maintaining and conserving forests and key infrastructure;
- To increase access to social services by building schools, hospitals, clinics, cultural centers and other facilities, in order to generally improve living and working conditions.

This integrated approach was implemented through sectoral policies and programs involving different ministries and government agencies. The construction industry became heavily involved in the various processes of development in Japan's regions, from the development of regional public infrastructure to providing a significant source of employment opportunities for rural people (Feldhoff, 2007).

The Mountain Village Promotion Act, together with the Remote Island Promotion Act (*Riko shinkō hō*, 1953), the Temporary Act for the Promotion of Coal Producing Areas (*Santan chiiki shinkō rinji sochi hō*) (1961), the Three Measures for the Development of Tōhoku (*Tōhoku kaihatsu sanpō*) (1959), Special Policy for Heavy Snow Areas (*Gosetsu chitai taisaku tokubetsu sochi hō*)

(1962), indicate the growing concern for the declining economic conditions in the rural areas resulting from isolation, poverty of local resources, climatic disadvantages or declining industries. However, local revitalization projects were developed and implemented top down, 'from the outside in' the communities, ignoring the abilities and insights of local residents. They were generally under-financed and did not directly address the community-specific problems associated with the deteriorating social and demographic conditions, which were a consequence of the out-migration from the affected areas (Kakiuchi and Hasegawa, 1979). The first legislation that addressed directly to the problems of depopulation on a national scale was the 1970 Emergency Act for the Improvement of Depopulated Areas (*Kaso chiiki taisaku kinkyū sochi hō*).

Since 1970, a succession of laws has provided more financial assistance to depopulating or shrinking regions (*kaso chiiki*).

- 1970–1979: Emergency Act for the Improvement of Depopulated Areas (*Kaso chiiki taisaku kinkyū sochi hō*).
- 1980–1989: Depopulated Areas Special Promotion Law (*Kaso chiiki shinkō tokubetsu sochi hō*).
- 1990–1999: Depopulated Areas Special Revitalization Law (*Kaso chiiki kasseika tokubetsu hō*).
- 2000–2009: Special Law Promoting Independence in Depopulated Areas (*Kaso chiiki jiritsu sokushin tokubetsu sochi hō*).
- 2010–2015: Revised Special Law Promoting Independence in Depopulated Areas (*Kaisei kaso chiiki jiritsu sokushin tokubetsu sochi hō*).

The 1970 Depopulated Areas Emergency Measures Law (*Kaso chiiki taisaku kinkyū sochi hō*), which remained valid for 10 years, had five principal objectives (Mutai, 2008): to support the independence of *kaso* areas; to improve the welfare of residents; to increase employment opportunities; to limit or reduce regional wealth gaps; and to support the continuing existence or the formation of a beautiful countryside. The government has set forth criteria for determining eligible development areas, and most of these criteria are related to population decline and ageing. In order to reduce regional disparities and improve social conditions in depopulated areas, special measures contained within the law covered both political and fiscal policies in the form of subsidies to fund improvements in

infrastructure for transportation and communication. Since this initial law, the government has regularly renewed and updated the legislation, targeting depopulated areas every 10 years in response to various initiatives by concerned rural groups.

In 1980, the government enacted the Depopulated Areas Special Promotion Law (*Kaso chiiki shinkō tokubetsu sochi hō*), also with a 10-year time limit, whose objective was to improve the conditions of rural life by improving transportation infrastructure in particular. In 1990, the 1980 *Shinkō hō* was again modified and updated as a special revitalization law (*Kaso chiiki kasseika tokubetsu hō*), again with a 10-year time limit. Compared with earlier laws, this emphasized communal autonomy in the creation of local income and the promotion of comprehensive communal development, a form of ‘soft’ development, to accompany such ‘hard’ development as infrastructure and public institutions (Matanle *et al*, 2011, p. 248).

*Kaso chiiki*, as defined under the 2000 Special Law Promoting Independence in Depopulated Areas (*Kaso chiiki jiritsu sokushin tokubetsu sochi hō*), which remains in effect until 2021, are depopulated rural areas that ‘have experienced a significant population loss, whereby the area has experienced declines in its vitality and is in a lower level in terms of production functioning and infrastructures related to daily living, compared to other areas’ (Matanle *et al*, 2011, pp. 17–18). According to these definitions, 51.7 per cent of Japan’s land area was officially designated as under- or depopulated (Lützel, 2008, p. 63). In April 2010, the law was revised once more for a period of 6 years and renamed the Revised Special Law Promoting Independence in Depopulated Areas (*Kaisei kaso chiiki jiritsu sokushin tokubetsu sochi hō*). The previously mentioned term *genkai shūroku* introduced into official government policies here refers to the worst affected *kaso* communities, which have reached their limits. Overall, the emphasis of spending, totaling 86.1 billion Yen over the 1970–2010 period, has shifted over the years (own calculations based on MIC, 2011):

- Early on, spending in transport, information and communication infrastructure was nearly 50 per cent; villages throughout Japan were supported to invest in ‘hard’ developments, which were expected to stimulate regional economic growth and stop the ongoing out-migration and population loss.

- Since the early 1990s, more emphasis has been on improving the living environment and health care provision. The service sector was identified as a potential growth industry suited to rural areas, and thus the government promoted rural tourism development and the cultivation of specialty agricultural products as a means of local economic revitalization (Matanle *et al*, 2011, p. 249).
- Efforts at advancing local industries remained at the same level from the early 1980s on (about 28 per cent of total spending).
- Infrastructure spending is still at more than 37 per cent of total spending, including about 3 per cent for information and communication infrastructure investment.

To secure support for the recovery of areas devastated by the 11 March 2011 Great East Japan Earthquake and the subsequent tsunami, the government in June 2012 enacted another 5-year renewal of the *kaso* law (until 31 March 2021).

In 2000, the government established the Direct Payment to Farmers in Hilly and Mountainous Areas Scheme (*Chūsankanchiiki tō chokusetsu shiharai seido*) in order to address the problems of mountainous regions suffering from depopulation as a consequence of unfavorable economic conditions and agrarian abandonment. This policy was introduced during a period when the central government was initiating decentralization as a basic stance guiding central government and local administration relationships. The direct payment provides an incentive to continue farming activities in such less-favored areas in the longer term because recipients commit to continue farming for more than 5 years and to carry out activities that bring multifunctional benefits (for example, maintaining the rural landscape, preventing soil erosion, preserving water resources and bio-diversity, supporting environmentally friendly farming activities, promoting recreational activities) and strengthen rural communities (OECD, 2009, pp. 93–95).

Obviously, village survival might not have been seriously doubted so long as special subsidies and protections continued to be assured by the national government. A specific form of subsidy for depopulated areas is the *kaso-sai*, where the term *sai* signifies ‘debt’. *Kaso-sai* is a special deficit bond issued by and limited to a local government that is designated as a *kaso* municipality. These municipalities were supported by large transfers



of resources from richer cities via conditional transfers (national government disbursements) and unconditional transfers (local allocation tax) from the central government. Nevertheless, Japan's post-war reality was that most rural villages have failed to regain social and economic vibrancy. The economic growth that was intended for Japan's regions has failed to materialize and heavy regional infrastructure investment not had any real success in reducing regional spatial disparities. Furthermore, public works have aggravated regional economies' dependency on central government-controlled construction works (Feldhoff, 2007).

Under conditions of economic stagnation, restrictive public finances and increasing welfare costs, the Trinity Reforms of Japan's local taxation system in 2003 targeted these redistributions and meant a massive drop in income from central government transfers for many municipalities: cuts in conditional transfers, cuts in unconditional transfers and transfers of tax-raising authority from the central to the local governments (Machida, 2007). Those with weak local tax bases, small populations in rural areas that rely heavily on these transfers were without doubt the losers of this decentralization approach. With regard to future policy directions, Matanle and Sato (2010, p. 208) stressed that '... effective management of the outcomes arising from depopulation may be the most constructive response to prevailing circumstances'. Creative, tailor-made local strategies and actions as well as new forms of governance are in question. Particular attention needs to be paid to the identification of community actors capable of engaging with Japan's traditional elite-dominated and clientelistic public sector in order to put communities more in control of their affairs.

### Future Policy Directions

The Japanese government is committed to identify future rural policy directions for the sustainable development of rural areas using the various potentials of agriculture, forestry and fisheries. It is argued by the OECD (2006), however, that agriculture is only part of rural and that rural policy should be broadened to include a focus on other sectors of the economy, like service provision, tourism and manufacturing. This 'New Rural Paradigm' argues against a sectoral approach but in favor of holistic, territorially bounded, place-based development strategies.

Three interrelated concepts that offer opportunities for securing the future of the rural economy are widely discussed in the rural development literature (OECD, 2006), and all three have already made their ways into government policies and strategies in Japan.

The first concept is that of 're-localization', that means going back to domestic, local agricultural product, processing, distribution and consumption patterns to enhance the viability of regional or even local food systems and invigorate local agriculture. 'Local consumption of local produce' is a Japanese government campaign to promote the consumption of agricultural products produced locally and also to bring about better communication between producers and consumers. This campaign is directly linked to 'Food Action Nippon', a national movement that aims to increase the food self-sufficiency ratio by creating or reviving a traditional Japanese dietary pattern low in meat and meat products, fats and oils consumption. It is promoted cooperatively by more than 5000 'promotion partners' from a wide range of fields, including farmers, food manufacturers, distributors and government agencies. The campaign is built on five basic actions: Eat seasonal foods; eat foods that are locally produced; increase the amount of rice and vegetables; reduce wastage of food; educate people, based on the campaign to promote *shokuiku* (food education) as an important means of providing food-related knowledge and raising awareness about food. The government also promotes active use of local products in school lunch, based on the School Lunch Program Act. One of the specific goals of the school lunch program has always been to give students hands-on education about the importance of food.

The second concept of 'multi-functionality' of agriculture links together the dimensions of agricultural and rural change. Generally, the importance of the agricultural sector in the rural economy has diminished to the point where agriculture is no longer the main driver of the rural economy. Farm households are becoming more interested in diversification into new sectors. The production of (renewable) energy, landscape preservation, leisure and tourism offer complementary opportunities to create thriving local economies. In order to promote the idea of multi-functionality across the three main sectors of economic activity, the Japanese government has coined the term 'the sixth industry' (*dai roku-ji sangyō*). 'The sixth industry' approach to rural

revitalization is expected to synergistically create new added-value through effective use of agricultural, forestry and fishery products, as well as land, water and other assets in farming, mountain and fishing villages, by integrating production, processing and distribution activities. Pilot projects are under way with regard to the processing and marketing of local products, the promotion of tourism making use of local assets and the utilization of renewable energies (MAFF, 2009). Under the *Inaka de Hatarakitai* scheme, the government provides farm-work-related training programs to encourage people to return or relocate to rural areas for work. Providing financial incentives, the Direct Payment to Farmers in Hilly and Mountainous Areas Scheme is also about fostering activities that bring multi-functional benefits for rural communities.

The local availability of assets leads to the third concept, which is actually not new but could gain some new momentum to reconfigure state-society relations to more closely suit the needs of communities. Building on the pioneering work by Kretzmann and McKnight (1993), Bryden (2010) suggested that giving local communities the opportunity to capture the gains from public goods as well as private assets could improve the prospects for local livelihoods and quality of life. Drawing on the experience from a couple of European countries, he demonstrates that community ownership of assets can be an important means to facilitate local engagement, foster local place attachment and thereby strengthen rural community resilience. Consequently, rural communities should abandon the expectation of externally induced revitalization and capitalize on ABCD. That implies a fundamental shift from concentrating on local deficiencies to concentrating on local assets and capacities. This includes both tangible assets (for example, natural endowments like land and landscape, water or wind) and intangible assets (for example, cultural endowments like heritage or folk culture, tranquility or biodiversity as environmental assets as well as the human capital). According to Woods (2010), the particular benefits of this approach, starting local revitalization projects from the inside of the community, are

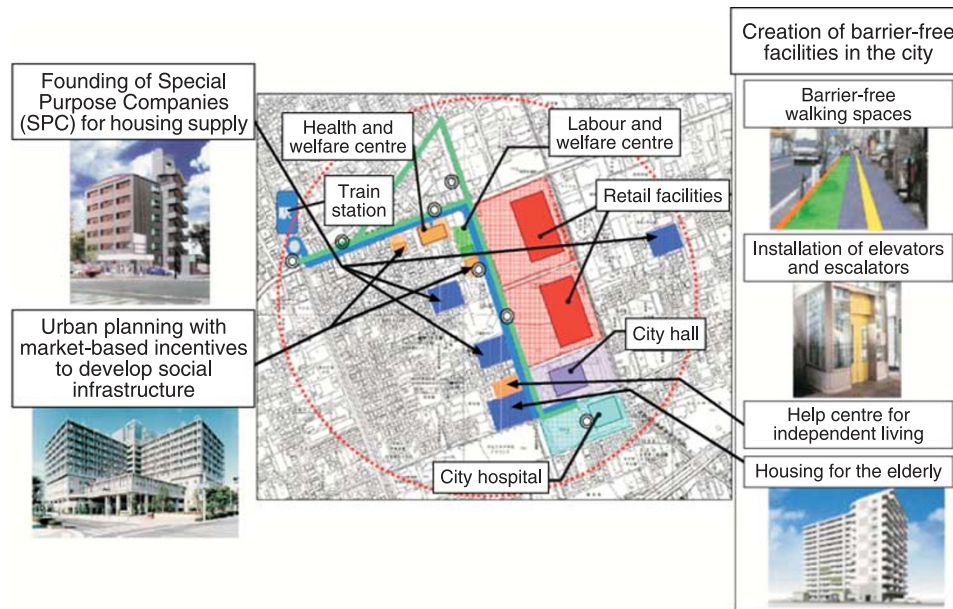
- Reduced dependency on external investment and reduced vulnerability to external decision making;
- Increased retention of wealth generated in the locality;

- Maintenance of local culture and traditions, and environmental sustainability;
- Empowerment of local communities with control over development paths and projects.

The challenges are in defining the common 'community interest', because rural communities are more diverse than popularly assumed, and in bringing communities together in inclusive partnerships, because different people have different community attachments. Woods (2010) argues that this requires a model of 'reflexive development', one that is flexible, responsive and ultimately sustainable. This involves community leaders and other actors building a collective understanding of community assets and their potential and agreeing consensual ways to make use of them; and repeatedly referring back to the community and reflecting on progress. Empowering citizens is, thus, very much a process of engaging and understanding the community, and learning as a community in problem-solving. This is particularly helpful in the inevitable process of re-adjusting a shrinking community's physical and built environment to better fit the needs of their smaller populations. The 'compact city' and the 'slow city' concepts in combination with the Universal Design Policy are promoted by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to ensure better access to services and facilities and to raise the efficiency of infrastructure provision. The recent central government-driven amalgamation of numerous smaller municipalities into larger cities (*Heisei no dai-gappei*) also provided incentives for a substantial reshaping of existing settlement patterns (Shimizu, 2007). The idea is that larger municipal entities save money by pursuing a spatial concentration of essential public infrastructures and services, even if it means partial or complete abandonment of settlements. To put Universal Design into practice, various efforts are being combined, such as remodeling existing buildings and infrastructural facilities, introducing new standards for transit vehicles and other transportation services, public-private partnerships in product development, educating entrepreneurs, public administration staff and residents (MLIT, 2005; Figure 3). Giving attention to the diverse needs of older people in particular can support them to live independently in their community longer.

Recent studies on retirement migration (for example, Murakami *et al.*, 2009) illustrate that





**Figure 3:** Universal Design Policy: 'Constructing a participation society from the perspective of users'.  
 Source: Ministry of Land, Infrastructure and Transport (2005).

there are 'opportunities presented by an ageing population, if policy initiatives take a strategic approach and allow these opportunities to develop' (Age Concern, 2008, p. 6). Several localities have initiated strategies to sustain their populations by attracting the current generation of retirees, referred to as the baby boomer generation. On the basis of a case study of Date City (Hokkaido), Feldhoff (2011) provides some policy lessons for public bodies with regard to retiree recruitment as a strategic approach to foster local community resilience. The promotion of unique characteristics and qualities of communities facilitates collective identity formation leading to a greater sense of well-being among the elderly. Strategic retiree-attraction policies are good examples of more localized, partial and market-oriented initiatives to improve local competitiveness.

This policy approach is, of course, a major challenge to Japan's basically paternalistic state-society relations, which are traditionally shaped from the top down. Even with regard to the local food movement in Japan, Kimura and Nishiyama (2008) criticized the fact that, although initially started as a grassroots movement, many local food initiatives are now organized and misused by the government as a tool to appease consumers worrying about food safety and security, and not to change structures in the agricultural sector. Reflexive development requires local communities

to become more independent from central government influence and to integrate the people into locally based development policy and planning processes. That is very much in contrast to former government programs, which were not centered on a participatory holistic approach. National politics, at the same time, remain important for securing supportive policies for community level development, and community asset groups have to organize themselves to engage effectively with government bodies. Efficient and reliable mechanisms for inclusive planning and governance, stable structures and partnerships, however, are yet to be developed and implemented.

## Conclusions

The current processes of demographic ageing and population decline will reach into all facets of contemporary rural life, and that makes policy responses very complex. The New Rural Paradigm advocated by the OECD and leading rural development experts tries to include all relevant policy areas to achieve rural sustainability and a co-operative climate between national, regional and local actors. In fact, the importance of the agricultural sector in the Japanese economy has already diminished dramatically and that is why the OECD (2009) recommended a clear distinction

between rural policy and agricultural policy. In Japan, however, there are major path dependencies and powerful interest groups (that is, agricultural cooperatives), which make profound change difficult to achieve. Two major obstacles to an integrated, coordinated and consistent policy approach can be identified: first, systemic power relations deeply embedded in the tradition of central state authoritarianism and, second, a lively inter-sectionalism among rival ministries and government agencies developing and implementing their specific policies and programs, which are frequently competitive and counter-productive.

A new institutional framework is in need to deliver the necessary changes – with regard to new modes of governance, farm sizes, the protection of farmland resources, food production, processing, distribution and consumption, and strengthening rural communities. Re-localization, multi-functionality and community assets are complementary approaches to enhance the livability of its rural areas. The greatest opportunity is community-driven development of multifunctional mountain areas from the bottom up, supporting a widened employment base with higher economic activity rates and attracting people. Shrinking regions still have more change to accomplish, and it is a major policy task to enable this change and to release local communities from their long-lasting culture of central government dependency.

The specific look at transformation processes in shrinking mountain communities is closely interconnected with other issues:

- The highly political problem of ‘equality’ in a rapidly diversifying society (*kakusa shakai*);
- The future of public service delivery and performance;
- The strengthening of regional innovation systems;
- The role for modern information and communication technologies;
- Renewable energy projects as a strategy to foster economic growth and to build resilient communities;
- The effects of climate change on people living in mountain areas.

This is obviously a vital arena for interdisciplinary research, demographic, economic and social transformations and the need for political action. The aim of future research is to scrutinize the normative value of key elements associated

with the New Rural Paradigm and, more specifically, the reflexive development model and identifying major obstacles to its implementation by looking at Japanese rural development practice and asset-based community initiatives on the ground. Much of rural Japan is uncertain about the future, and communities need to experiment and learn the way forward.

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